

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	X	Chapter 11
	:	
GAWKER MEDIA LLC, et al.,	:	Case No. 16-11700 (SMB)
	:	
Debtors. ⁽¹⁾	:	Jointly Administered
	X	

Monthly Operating Report
For the Period of July 1, 2016 to July 31, 2016

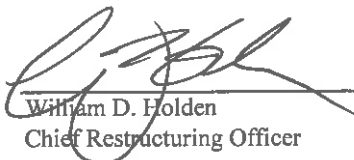
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REPORT PREPARER: Gawker Media LLC, et al.

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.


William D. Holden
Chief Restructuring Officer

9/2/14
Date

Notes:

⁽¹⁾ The Debtors in these chapter 11 cases and the last four digits of each Debtor's federal tax identification number, as applicable, are as follows: Gawker Media LLC (3231), Gawker Media Group, Inc. (0491) and Kinja Kft. (5056). The Debtors' corporate headquarters is located at 114 Fifth Avenue, 2nd Floor, New York, NY 10011.

NOTES TO THE MONTHLY OPERATING REPORT

General Notes and Basis of Presentation:

This Monthly Operating Report ("MOR") includes activity for the following Debtors:

<u>Debtor</u>	<u>Case No.</u>
Gawker Media, LLC	16-11700
Kinja, Kft	16-11718
Gawker Media Group, Inc.	16-11719

This MOR has been prepared solely for the purposes of complying with the monthly reporting requirements applicable in these Chapter 11 cases and is in a format that the Debtors believe is acceptable to the United States Trustee. The financial information contained herein is limited in scope and covers a limited time period. Moreover, such information is preliminary and unaudited, and is not prepared in accordance with principles generally accepted in the United States ("GAAP").

The unaudited consolidated financial statements have been derived from the books and records of the Debtors. This information, however, has not been subject to certain procedures that would typically be applied to financial information in accordance with GAAP, and upon application of such procedures the financial information could be subject to material change.

The financial information contained herein is presented on a preliminary and unaudited basis and remains subject to future adjustment.

The results of operations contained herein are not necessarily indicative of results which may be expected for any other period or for the full year and may not necessarily reflect the consolidated results of operations and financial position of the Debtors in the future.

Specific Notes Regarding the Balance Sheet (MOR-3):

The Debtors have conducted an analysis of trade accounts payable to bifurcate invoices into the pre and post-petition periods. As the Debtors continue to receive invoices which relate to the pre-petition period, the amounts included in the balance sheet are subject to change.

Liabilities subject to compromise exclude contingent, disputed and unliquidated amounts.

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Debtor

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Federal Tax I.D. # 20-3040492

MONTHLY OPERATING REPORT

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	Yes	No
Bank Balances	MOR-1 (CONT)	Yes	No
Copies of bank statements		No ⁽¹⁾	No ⁽²⁾
Cash disbursements journals		No ⁽²⁾	No ⁽²⁾
Statement of Operations	MOR-2	Yes	No
Balance Sheet	MOR-3	Yes	No
Status of Post-petition Taxes	MOR-4	Yes	No
Copies of IRS Form 6123 or payment receipt		No ⁽²⁾	No ⁽²⁾
Copies of tax returns filed during reporting period		No ⁽²⁾	No ⁽²⁾
Summary of Unpaid Post-petition Debts	MOR-4	Yes	No
Listing of Aged Accounts Payable		No ⁽²⁾	No ⁽²⁾
Accounts Receivable Reconciliation and Aging	MOR-5	Yes	No
Taxes Reconciliation and Aging	MOR-5	Yes	No
Payments to Insiders and Professional	MOR-6	Yes	No
Post Petition Status of Secured Notes, Leases Payable & Adequate Assurance Payments	MOR-6	Yes	No
Debtor Questionnaire	MOR-7	Yes	No

⁽¹⁾ Provided directly to the UST.

⁽²⁾ Documents will be provided to the UST upon request.

GAWKER MEDIA LLC, et al.,
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SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Case No.	Case Name	Bank Cash Receipts ⁽¹⁾	Bank Cash Disbursements ^{(2) (3)}	Inter-Debtor Transfers
16-11700	Gawker Media, LLC	\$ 6,767,433	\$ 3,741,521	\$ (150,000)
16-11718	Kinja, Kft ⁽⁴⁾	375,877	516,457	150,000
16-11719	Gawker Media Group, Inc.	-	-	-
	Total Debtors	\$ 7,143,310	\$ 4,257,978	\$ -

Notes:

⁽¹⁾ Represents all receipts excluding intracompany and intercompany funding activity by and among Debtors.

⁽²⁾ Represents all disbursements including operating disbursements (payroll, production, taxes, insurance, utilities, etc.) and non-operating disbursements (restructuring fee, financing fees, interest, etc.). Excludes intracompany and intercompany disbursements.

⁽³⁾ Bank cash disbursements will be used to calculate the U.S. Trustee quarterly fee for each individual case.

⁽⁴⁾ Includes an account held in Hungary denominated in Hungarian Forint ("HUF"). HUF denominated amounts were converted to USD using an exchange rate of 0.0037.

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BANK BALANCES ⁽¹⁾

Entity	Bank	Account No. ⁽²⁾	Description	Ending Bank Balance
Gawker Media Group, Inc.	Silicon Valley Bank	2079	Operating	\$ 7,769
Gawker Media, LLC	Silicon Valley Bank	2011	Operating	8,892,465
Gawker Media, LLC	Silicon Valley Bank	7785	LC/Collateral	5,567,169
Gawker Media, LLC	Silicon Valley Bank	0192	Lockbox	-
Gawker Media, LLC	Silicon Valley Bank	9122	Indemnity Reserve	249,973
Gawker Media, LLC	Silicon Valley Bank	9103	Cash Management Reserve	100,000
Gawker Media, LLC	Silicon Valley Bank	9118	Legal Fee Reserve	17,111
Kinja, Kft	Silicon Valley Bank	2064	Operating	89,393
Kinja, Kft ⁽³⁾	K&H Bank Zrt.	0002	Operating	84,329
Total Debtors Bank Cash				\$ 15,008,210

⁽¹⁾ As part of the Debtors monthly close process, all bank accounts have been reconciled to the applicable bank statements without exception. Copies of the bank reconciliations will be provided to the UST upon request. The Debtors were authorized to use these accounts on a post-petition basis pursuant to the final order signed on July 13, 2016 (Docket No. 0092).

⁽²⁾ Last four digits of the account number.

⁽³⁾ Account held in Hungary denominated in Hungarian Forint ("HUF") As of the end of the reporting period, the account balance was HUF 22,791,532, which was converted to USD using an exchange rate 0.0037.

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CONSOLIDATED STATEMENT OF OPERATIONS

	<u>July 1, 2016 to July 31, 2016</u>
Revenue:	
Operating revenue	\$4,372,691
Cost of sales:	
Campaign costs	78,153
Advertising serving cost	157,583
Hosting and IT services expense	<u>107,102</u>
Total cost of sales	\$342,839
Gross Profit	\$4,029,852
Expenses:	
Payroll and benefits	2,218,724
Miscellaneous Office Expenses	2,271
Selling, general and administrative expenses	315,285
Rent expense	393,856
Professional fees, non-restructuring	34,679
Software and research & development expenses	109,888
Depreciation Expense	168,867
Insurance Expense	29,493
Interest Expense	<u>419,413</u>
Total expenses	3,692,476
Net Operating Income	\$337,376
Reorganization items, net	2,661,699
Other Income and Expenses:	
Other Revenue	112,538
Other Expense	<u>4,653</u>
Net Other Income	\$107,885
Net Income	<u><u>(\$2,216,438)</u></u>

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CONSOLIDATED BALANCE SHEET

	<u>July 31, 2016</u>
Assets:	
Cash	\$14,832,250
Accounts receivable, net	12,017,591
Prepaid expenses	3,367,987
Other current assets	587,734
Total current assets	<u>\$30,805,562</u>
Fixed assets	\$12,150,244
Other Assets	815,192
Loan receivable	201,507
Total assets	<u><u>\$43,972,505</u></u>
Liabilities & Equity:	
Accounts payable	\$2,194,258
Accrued expenses	4,666,291
Other current liabilities	118,895
Cerberus DIP term loan	17,000,000
Total current liabilities	<u>\$23,979,444</u>
Liabilities subject to compromise	\$143,206,238
US VC Partners LP term loan	\$15,000,000
Deferred tax liability	390,610
Deferred rent liability	980,019
Total liabilities	<u>\$183,556,312</u>
Preferred stock	\$8,140
Common stock	904
Paid in capital	4,436,424
Retained earnings	(144,029,275)
Total liabilities & equity	<u><u>\$43,972,505</u></u>

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STATUS OF POST-PETITION TAXES ^{(1) (2)}

	Beginning Tax Liability	Amount Withheld and/or Accrued	Amount Paid	Date Paid	Check # or EFT	Ending Tax Liability
Federal						
Withholding	\$ -	\$ 380,293	\$ (380,293)	Various	Wire	\$ -
FICA-Employee	-	118,863	(118,863)	Various	Wire	-
FICA-Employer	-	117,598	(117,598)	Various	Wire	-
Unemployment	-	153	(153)	Various	Wire	-
Income	-	38,983	(38,983)	N/A	N/A	-
Other: _____	-	-	-	N/A	N/A	-
Total Federal Taxes	\$ -	\$ 655,891	\$ (655,891)			\$ -
State and Local						
Withholding	\$ -	\$ 151,817	\$ (151,817)	Various	Wire	\$ -
Sales	-	-	-	N/A	N/A	-
Excise	-	-	-	N/A	N/A	-
Unemployment	-	2,581	(2,581)	Various	Wire	-
Real Property	-	-	-	N/A	N/A	-
Personal Property	-	-	-	N/A	N/A	-
Other: _____	-	-	-	N/A	N/A	-
Total State and Local	\$ -	\$ 154,398	\$ (154,398)			\$ -
Total Taxes	\$ -	\$ 810,289	\$ (810,289)			\$ -

SUMMARY OF UNPAID POST-PETITION DEBTS

	Number of Days Past Due					
	Current	0-30	31-60	61-90	Over 91	Total
Accounts Payable ⁽³⁾	510,596	1,533,662	150,000	0	0	\$2,194,258

Explain how and when the Debtor intends to pay any past due post-petition debts.

Approximately \$1.2 million of the 0-30 bucket and the entire \$150 thousand in the 31-60 bucket relate to restructuring professionals invoices subject to the Interim Compensation Order. The Debtors are current on substantially all non-restructuring vendor payables and continue to pay within terms.

⁽¹⁾ Copies of IRS Form 6123 and all state, local and federal tax forms and returns can be provided to the UST upon request.

⁽²⁾ This schedule excludes any Kinja, Kft. taxes related to Hungary employee wages, however it does include their state and local corporate income taxes.

⁽³⁾ Reflects only trade related payables which an invoice has been received and recorded into the general ledger. The aging schedule excludes all accruals. Detail copy of the accounts payable aging will be provided to the U.S. Trustee upon request.

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ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation	Amount
Total Accounts Receivable at July 1, 2016	\$ 11,811,921
Plus: Amounts billed during the period	4,292,458
Less: Amounts collected during the period (<i>Book Cash Receipts</i>)	(3,834,969)
Less: Credit Memos / Write Offs	(16,941)
Total Accounts Receivable at July 31, 2016	\$ 12,252,469

Accounts Receivable Aging (by transaction date)	Amount
0 - 30 days old	\$ 4,494,056
31 - 60 days old	4,026,819
61 - 90 days old	1,680,917
91+ days old	2,050,677
Total Accounts Receivable, net of allowance	\$ 12,252,469
Less: Bad Debts (Amount considered uncollectible)	(234,878)
Net Accounts Receivable	\$ 12,017,591

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PAYMENTS TO INSIDERS AND PROFESSIONALS

INSIDERS ⁽¹⁾				
NAME ⁽²⁾	Title	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
Employees	N/A	Gross Salary	\$ 89,967	\$ 138,267
Board Members	N/A	Board Fees	12,000	\$ 27,273
TOTAL PAYMENTS TO INSIDERS			\$ 101,967	\$ 165,539

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID*
Deloitte	Pending	\$ -	\$ -	\$ -	\$ 300,000
Houlihan Lokey	7/14/2016	-	-	-	1,301,423
Latham & Watkins	7/8/2016	-	-	-	430,000
Levine Sullivan	Pending	-	-	-	235,309
Opportune LLP	7/14/2016	-	-	-	630,000
Prime Clerk	7/14/2016	-	-	-	263,038
Ropes & Gray LLP	7/14/2016	-	-	-	1,773,000
Shulte Roth & Zabel	7/8/2016	-	-	-	142,000
Simpson Thacher & Barlett	8/16/2016	-	-	-	645,000
Cahill Gordon & Reindel LLP	8/11/2016	-	-	-	32,266
JB Duncan PC	Pending	-	-	-	7,368
Ordinary Course Professionals	Various	-	-	-	48,371
TOTAL		\$ -	\$ -	\$ -	\$ 5,807,774

* INCLUDE ESTIMATES AS INVOICES HAVE NOT BEEN RECEIVED

**POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE
AND ADEQUATE PROTECTION PAYMENTS**

NAME OF CREDITOR	DESCRIPTION	SCHEDULED MONTHLY PAYMENT DUE	AMOUNT PAID DURING MONTH	TOTAL UNPAID POST-PETITION ⁽³⁾
US VC Partners LP	Term Loan	N/A	-	15,000,000
Cerberus Business Finance LLC	DIP Term Loan	N/A	-	17,000,000
Cerberus Business Finance LLC	DIP Revolver	N/A	-	-
Cerberus Business Finance LLC	OID	N/A	155,294	-
Cerberus Business Finance LLC	DIP Undrawn Fee	N/A	2,500	-
Cerberus Business Finance LLC	Interest	N/A	52,500	-
TOTAL PAYMENTS		\$ -	\$ 210,294	\$ 32,000,000

Notes:

⁽¹⁾ For purposes of this report where information regarding "insiders" is disclosed, the Debtors have included information with respect to certain individuals who (i) served as officers and/or directors during the relevant time periods and/or (ii) are shareholders holding 5% or more of the equity of any Debtors. Furthermore, the information listed in respect of payments made to insiders does not include expenses paid to insiders using an American Express credit card. The Debtors directly pay the statements issued by American Express.

⁽²⁾ Names of the insiders are not disclosed and will be provided to the U.S. Trustee upon request. Insider payments made in HUF currency were converted at an exchange rate of 0.0037 to USD.

⁽³⁾ Amounts exclude accrued interest, where applicable.

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DEBTOR QUESTIONNAIRE

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period?		✓
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		✓
3. Is the Debtor delinquent in the timely filing of any post-petition tax returns?		✓
4. Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		✓
5. Is the Debtor delinquent in paying any insurance premium payment?		✓
6. Have any payments been made on pre-petition liabilities this reporting period? ⁽¹⁾	✓	
7. Are any post petition receivables (accounts, notes or loans) due from related parties?	✓	
8. Are any post petition payroll taxes past due?		✓
9. Are any post petition State or Federal income taxes past due?		✓
10. Are any post petition real estate taxes past due?		✓
11. Are any other post petition taxes past due?		✓
12. Have any pre-petition taxes been paid during this reporting period?		✓
13. Are any amounts owed to post petition creditors delinquent?		✓
14. Are any wage payments past due?		✓
15. Have any post petition loans been received by the Debtor from any party?	✓	
16. Is the Debtor delinquent in paying any U.S. Trustee fees?		✓
17. Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		✓
18. Have the owners or shareholders received any compensation outside of the normal course of business?		✓

⁽¹⁾ All payments of pre-petition amounts are pursuant to court orders.